

Message Text

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ORIGIN COME-00

INFO OCT-01 EA-09 NEA-10 ISO-00 EB-07 /027 R

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R 261631Z OCT 76

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

AMEMBASSY ISLAMABAD

UNCLAS STATE 263621

E.O. 11652: N/A

TAGS:BENC, RP, PK

SUBJECT: MAJOR PROJECT: MANGLA DAM EXTENSION PROJECT

---- W.A.P.D.A. - PAKISTAN

1. ALLIS CHALMERS PROVIDED FOLLOWING COMMENTS ON
SUBJECT: THIS PROJECT ORIGINALLY BID IN 1975 SUBJECT
TO A.D.B. FINANCING. THOSE BIDS WERE ALL REJECTED AS
THEY WERE CONSIDERED UNCOMPETITIVE AND PRICES BID
CONSIDERABLY EXCEEDED A.D.B. FINANCING ALLOCATED TO PROJECT.
NO U.S. EQUIPMENT SUPPLIERS BID AT THAT TIME. WAPDA
REISSUED INQUIRY FOR HYDROTURBINES GENERATORS TRANS-
FORMERS SWITCH-GEAR CABLES EARLY IN 1976. WAPDA CHAIRMAN
GENERAL TARIQUE APPROACHED U.S. CONSUL GENERAL IN LAHORE
IN MARCH 1976 AND STRONGLY ENCOURAGED U.S. MANUFACTURERS
TO PARTICIPATE IN REBID. IN CONSEQUENCE ALLIS-CHALMERS
DECIDED TO BID FOR HYDROTURBINES WITH WESTINGHOUSE AS THEIR
SUBCONTRACTOR FOR HYDROGENERATORS. INQUIRY STATED THAT
FINANCING OF THESE EQUIPMENT ITEMS WOULD BE FROM
PROCEEDS OF ADB ORDINARY CAPITAL RESOURCES LOAN. IN
REBID BELGIAN COMPANY A.C.E.C. SUBMITTED BID FOR ALL
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EQUIPMENT ITEMS LISTED ABOVE AND WERE APPARENT LOW BIDDER

FOR HYDROTURBINES AND HYDROGENERATORS WITH PRICES TOTAL

RUPEES 182,884,600 OFFSHORE CONTENT U.S. DOLLAR EQUIVAL
17,062,984. ALLIS-CHALMERS CORRESPONDING PRICES
RUPEES 206,042,489 U.S. DOLLARS 18,387,736. ALLIS-
CHALMERS BELIEVES THAT EVALUATING FACTORS APPLIED TO
ACEC BID MAKE A-C BID COMPETITIVE WITH ACEC AND
ALTERNATIVE A-C BID THE LOW OFFER. UNDERSTAND ADB HAVE
NOT YET SANCTIONED SUPPLEMENTARY FINANCING COVERING
OFFSHORE CURRENCY ELEMENT FOR PURCHASE OF TURBINES AND
GENERATORS WHICH IN FIRST BID AMOUNTED TO U.S. DOLLARS

9.2 MILLION. BELGIAN GOVERNMENT OFFERED POST-BID TO
PROVIDE SHORTFALL ADB FINANCING OVER 40 YEARS WITH 10
YEARS GRACE AND ONE PERCENT INTEREST. BRITISH CONSULTING
ENGINEERS PREECE CARDEW AND RIDER HAVE COMPLETED THEIR

REPORT ON BIDS SUBMITTED AND INTEND TO DISCUSS REPORT
WITH WAPDA IN LAHORE DURING WEEK OF OCTOBER 25. THEY
SAY IF WAPDA AGREE WITH THEIR RECOMMENDATIONS THEY
FORESEE NEED TO TRAVEL ON TO MANILA TO DISCUSS WITH ADB.
U.S. MANUFACTURERS HAVE VITAL INTEREST IN AVAILABILITY
OF SUPPLEMENTARY ADB FINANCING AND MAINTENANCE PRINCIPLE
THIS ADB FINANCED PROJECT AS IMPLICIT IN INQUIRY FOR BIDS
AND THAT PART FINANCING BY GOVERNMENT TO GOVERNMENT SOFT
LOAN FACILITIES BE DISALLOWED.

2. FOR MANILA: WOULD REQUEST YOUR REPRESENTATION
ACCORDINGLY TO ADB OFFICIALS AND CABLED ADVICE TO USDOC
MEPD ANY INFORMATION OBTAINABLE FROM ADB OF COMPETITIVE
STANDING OF U.S. MANUFACTURERS BIDS ON URGENT BASIS AS
CRITICAL DECISIONS WILL BE TAKEN IN PAKISTAN IN VERY
NEAR FUTURE.

3. FOR ISLAMABAD FOR AMSTUTZ. LETTER ON SUBJECT DATED
OCTOBER 15 ON WAY. REQUEST YOU REVIEW MATTER WITH
APPROPRIATE PAKISTAN AUTHORITIES. ALLIS-CHALMERS AGENT
IS JAFFER BROTHERS LTD WITH OFFICE IN LAHORE AND HEAD
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OFFICE IN KARACHI. MANAGING DIRECTOR IS
MR. HAROON JAFFER. KISSINGER

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TAGS: BENC, RP, PK
To: MANILA
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